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FISCAL IMPACT STATEMENT

LS 6869

BILL NUMBER: HB 1140

NOTE PREPARED: Mar 17, 2003

BILL AMENDED: Mar 17, 2003

SUBJECT: Health Facility License Fee.

FIRST AUTHOR: Rep. Brown C

FIRST SPONSOR: Sen. Miller

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues		335,333	335,333
State Expenditures		89,000	89,000
Net Increase (Decrease)		246,333	246,333

Summary of Legislation: (Amended) This bill increases the license fees for health facilities.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) *Medicaid Impact:* The license fee collected is an allowable administrative cost component for Medicaid nursing facility reimbursement purposes. The Medicaid-certified nursing facilities are estimated to recover approximately 68% of the cost of the fee through increased rates due to higher allowable costs. This bill could result in total additional Medicaid payments to the nursing facilities of \$228,026. The state share of the additional Medicaid cost would be \$86,650.

Impact on the State Veterans' Home: The Veterans' Home is licensed by the State Department of Health for 350 comprehensive care facility beds and 105 residential beds. It is estimated that this bill would result in increased annual expenditures for the Veterans' Home of approximately \$2,350 in state General Funds. The Veterans' Home is not a Medicaid-certified facility and would have no expected recovery of increased fees.

Explanation of State Revenues: (Revised) This bill would increase the revenue raised for license fees for comprehensive nursing facility beds. Currently, the health facility license fee is \$100 for the first 50 licensed beds and \$2.50 for each additional bed. This bill would increase the fees to \$200 for the first 50 beds and \$10 for each additional bed. The increase would result in additional revenue to the state of approximately \$335,333 using current Department of Health data that reported 564 facilities with 37,191 licensed comprehensive beds in excess of the initial 50 beds.

Medicaid is a federal- and state-funded entitlement program. For every dollar spent on qualifying services in Indiana, the federal program reimburses the state about 62%.

Explanation of Local Expenditures: This bill would increase the license fees paid by county-owned health facilities by approximately \$3,240. About \$2,203 of the increased fees would be recovered through increased rates paid by Medicaid. See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: State Department of Health, Family and Social Services Administration, Office of Medicaid Policy and Planning, and the State Veteran's Home.

Local Agencies Affected: Nine local government-owned licensed nursing facilities.

Information Sources: Zach Cattell, Legislative Liaison for the State Department of Health, 317-233-2170; IDOH Web site www.in.gov/isdh/regsvcs/acc/lrcstats/characteristics.htm; and Evelyn Murphy, Director, Long Term Care, Office of Medicaid Policy and Planning, 317-233-6467.

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